



# Steward Large Cap Core Fund

## Commentary | Quarterly update: 4Q 2023

Institutional shares



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Steward Large Cap Core Fund	
Ticker	SJCIX
Inception date	11/15/2021
Prospectus dated	8/28/2023
Prospectus expense ratio <sup>1</sup>	Gross 0.99% Net 0.75%
Primary benchmark	Russell 1000 Index

Top 10 holdings (%)	
Microsoft Corp.	7.37
Apple, Inc.	5.68
Alphabet, Inc. Class A	2.52
Amazon.com, Inc.	2.14
Visa Inc. Class A	1.95
Mastercard, Inc. Class A	1.83
Home Depot, Inc.	1.79
NVIDIA Corp.	1.74
Adobe, Inc.	1.64
Booking Holdings, Inc.	1.56
<b>Total % of portfolio</b>	<b>28.23</b>

### Markets and performance

The Steward Large Cap Core Fund rose 12.87% in the fourth quarter, outperforming the Russell 1000 Index (+11.96%) by 91 basis points (bps). Stock selection within the consumer discretionary sector, driven by apparel and specialty retailers, was the largest contributor to performance during the quarter. The underweight to energy also proved to be beneficial, as commodity prices fell as we closed the year. The strong performance was offset by poor stock selection in technology, driven primarily by some of the software companies in the portfolio. Our down-cap bias helped in the fourth quarter as the market broadened. Conversely, owning high profitability, strong management, and cheap stocks (low P/E) was detrimental to performance during the period.

### Positive and negative contributors to performance

On an individual position basis, the underweight to Exxon Mobil (1.10% of total net assets), which traded lower due to the fall off in commodity prices, proved beneficial. In addition, exposure to apparel companies like PVH (1.10% of total net assets) and specialty retailers like Williams-Sonoma (1.04% of total net assets) and Kohls (0.52% of total net assets) added to performance, as they benefited from a strong consumer to finish the year. On the negative side, the largest detractors were Broadcom (0.12% of total net assets) and VMware, which lagged upon completion of the merger between the two companies. Western Union (0.99% of total net assets) also detracted from performance despite a good earnings report, as investors seemed concerned that the turnaround in the company was slowing and worried about increased competition in the space.

### Looking ahead

We expect a more challenging backdrop for stocks in 2024, with softening consumer spending at a time when investor sentiment has turned bullish. Equities are richly valued, with volatility near historic lows, even as geopolitical and domestic political risks remain elevated. The main focal point for 2024 is likely to be whether investors can enjoy a Goldilocks (or Nirvana) environment; namely, further significant progress on inflation, decent economic growth and double-digit earnings growth. We are skeptical. Either 1) we get a noticeable slowdown/recession and earnings fall short, or 2) double-digit earnings growth materializes, probably requiring stronger economic growth, less progress (if any) on inflation and a Fed that is boxed in.

At the end of the quarter, the Fund was overweight the information technology, industrial and consumer discretionary sectors while underweight communication services, energy and healthcare.

1 The net expense ratio reflects a contractual commitment by the Fund's investment adviser to waive fees and/or reimburse expenses through Aug. 31, 2024. Absent the waiver and/or reimbursement, expenses would be higher and total returns would be less. Please see the prospectus for details.

Performance (%)	QTD	YTD	1-year	Since inception
Steward Large Cap Core Fund	12.87	24.00	24.00	1.26
Russell 1000 Index	11.96	26.53	26.53	1.53

Index returns shown assume the reinvestment of all dividends and distributions. An investment cannot be made directly in an index. Past performance is no guarantee of future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. The Fund's current performance may be lower or higher than quoted. Before investing in a mutual fund, you should read the fund's prospectus carefully and consider the fund's investment objectives, risks, charges, and expenses. The prospectus contains this and other information about the fund. To obtain Fund performance as of the most recent month-end or to obtain a copy of the Steward Funds' prospectus free of charge, call Crossmark Distributors at 888.845.6910.

## Our firm

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The Fund may not achieve its objective if the managers' expectations regarding particular securities or markets are not met. Equity investments generally involve two principal risks—market risk and selection risk. The value of equity securities will rise and fall in response to general market and/or economic conditions (equity market risk). The value of any individual equity security will rise and fall in response to the market's perception of the issuer's revenues, earnings, balance sheet, credit worthiness, business plan, and overall perception of the viability of the issuer's business (selection risk).

The Fund's values-based screening policies exclude certain securities issuers from the universe of otherwise available investments. As a result, the Fund may not achieve the same level of performance as it otherwise would have in the absence of the screening process. If the Fund has invested in a company that is later discovered to be in violation of one or more screening criteria and liquidation of an investment in that company is required, selling the securities at issue could result in a loss to the Fund. Further, the Fund's values-based screening policies may prevent the Fund from participating in an otherwise suitable investment opportunity.

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